

आयकर अपीलिय अधिकरण, मुंबई पीठें, मुंबई
INCOME TAX APPELLATE TRIBUNAL
MUMBAI BENCHES, MUMBAI

BENCH: I

BEFORE HON'BLE BEENA PILLAI, JUDICIAL MEMBER
AND HON'BLE BIJAYANANDA PRUSETH, ACCOUNTANT MEMBER

ITA 1256/MUM/2025 निर्धारण वर्ष/Assmt. Year: 2019-20)		
INDIA MAX INVESTMENT FUND LIMITED 365 ROYAL ROAD ROSE HILL, MAURITIUS, MAURITIUS- 999999, NOT LISTED	Vs.	DEPUTY COMMISSIONER OF INCOME TAX, INT TAX CIRCLE 2(2)(1) 606, 6TH FLOOR, KAUTILYA BHAVAN, C-41 TO C-43, G BLOCK, BANDRA KURLA COMPLEX, BANDRA (EAST), MUMBAI MUMBAI-400051, MAHARASHTRA
(अपीलार्थी Appellant)		(प्रत्यर्थी Respondent)
Permanent Account Number of Assessee:		AABCI5500R
निर्धारिती द्वारा/Assessee represented by:		Shri Rahul Sarda, Adv.
राजस्व द्वारा/Revenue represented by:		Shri Krishna Kumar (SR. DR.)
सुनवाई की तारीख / Date of conclusion of hearing:		11-Mar-2026
घोषणा की तारीख / Date of pronouncement:		03/06/2026

आदेश / ORDER

PER BEENA PILLAI, JUDICIAL MEMBER:

Present appeal filed by the assessee arises out of the final assessment order dated 28/12/2024 for A.Y. 2019-20 on the following grounds:-

“1) *The capital-gains earned by the Appellant on sale of shares of International Conveyors Limited was Rs.69,05,415/- which was duly included in the income and the figure of Rs.1,68,77,117/- is ex facie*



without any basis. Therefore, the addition of Rs.1,68,77,117/- u/s.68 unwarranted in facts & law and the same is liable to be deleted.

2) The addition of Rs.8,43,855/- under section 69C is without any basis in law or facts. Therefore, the addition of Rs.8,43,855/- is bad in law and is liable to be deleted.”

2. The facts of the case are as under:

The assessee filed its return of income declaring total income of Rs.2,60,650/- and current year loss of Rs.83,93,89,455/-. The case was reopened and, in response to notice issued u/s 148 on 25/04/2023. In response to the notice, the assessee filed its original return of income wherein the loss of Rs.83,93,89,455/- was declared. No scrutiny assessment was made pursuant to the issuance of the said notice.

2.1. Subsequently, information was received from the Insight Risk Management System and the case was once again reopened u/s.148 of the Act on 31/03/2023. The information available with the Ld.AO was that the assessee had traded in the shares of M/s.International Conveyors Ltd., which was allegedly used for manipulation and was categorized as a penny stock scrip. The information revealed that the said scrip was involved in an artificial web of transactions for providing accommodation entries in the nature of bogus long-term/short-term capital gains and/or capital losses to interested beneficiaries. The Investigation Wing ascertained that through the said penny stock scrip, several beneficiaries had received accommodation entries in the form of capital gains arising on the sale of such shares.

2.2. Accordingly, notice u/s.143(2) was issued on 27/06/2023 and, consequently, notices u/s.142(1) were also issued on various dates calling upon the assessee to show cause as to why the loss of Rs.83,93,89,455/- should not be disallowed. In response to the



show-cause notice issued by the Ld.AO, the assessee submitted that during the year under consideration, capital gain amounting to Rs.69,05,415/- was earned on the sale of shares of M/s.International Conveyors Ltd, which was set off against the long-term capital loss of the current year earned from other scrips/shares.

2.3. The assessee submitted that, it had not claimed exemption u/s.10(38) of the Act in respect of the said capital gains. Therefore, according to the assessee, the reason to believe that income had escaped assessment on account of claiming exemption u/s .10(38) of the Act was baseless.

2.4. The assessee also submitted that the shares of the alleged penny stock scrip were purchased during October, 2010 and November, 2010 through recognized stock exchange and were also sold in August, 2018 through proper banking through stock exchange. The assessee thus sought to establish that the long-term capital gains arising on the sale of shares of the alleged scrip were genuine and not fictitious, as alleged by the Investigation Wing.

2.5. The assessee submitted that it is a company domiciled and incorporated under the laws of the Republic of Mauritius and is registered as a Foreign Portfolio Investor (FPI) with SEBI. The assessee submitted that it has been investing in the Indian capital market in accordance with the SEBI (FPI) Regulations and has been making investments in the Indian capital market since the year 2006. It was further submitted that the assessee has been earning interest and dividend income from such investments made in India.

2.6. The Ld.AO, however, relying upon the investigation report, was of the opinion that there was no genuine purchase or sale of the



alleged shares by the assessee. According to the Ld.AO, the transactions relating to the alleged penny stock scrip were merely accommodation entries and did not represent real trading activity. Accordingly, the profit allegedly earned by the assessee on the sale of the penny stock shares amounting to Rs.1,68,77,117/- was treated as unexplained cash credit u/s 68 of the Act and brought to tax. The Ld. AO also made addition towards unexplained expenditure allegedly incurred for obtaining such accommodation entries by estimating the same at 5% of the of the total expenditure amounting to Rs. 17,72,972/-, computed at Rs.8,43,855/- u/s. 69C of the Act.

3. Upon receipt of the draft assessment order, the assessee expressed its intention to file objections before the Dispute Resolution Panel (DRP). The DRP, after considering the various submissions and contentions advanced by the assessee, upheld the additions proposed by the Ld.AO u/s 68 as well as u/s 69C of the Act.

3.1. Pursuant to the directions issued by the DRP, the Ld.AO passed final assessment order making an addition of Rs.1,68,77,117/- in the hands of the assessee as unexplained cash credit u/s.68 of the Act and a further addition of Rs.8,43,855/- as unexplained expenditure u/s 69C of the Act.

Aggrieved by the final assessment order passed by the Ld.AO pursuant to the directions of the DRP, the assessee is in appeal before this *Tribunal*.

4. At the outset, the Ld. AR submitted that, except **Ground Nos. 7 and 10-11**, all the other grounds raised by the assessee relate to the merits of the additions made by the Ld.AO. The Ld.AR prayed



that the grounds raised by the assessee on merits may be adjudicated.

4.1. The Ld.AR submitted that the assessee is a company domiciled in the Republic of Mauritius and is in possession of a valid Tax Residency Certificate (TRC) issued by the Government of Mauritius. It was contended that, being a tax resident of Mauritius, the assessee is entitled to avail the benefits of the India–Mauritius DTAA in terms of section 90(2) of the Act.

4.2. At the outset, the Ld.AR submitted that the capital gains earned by the assessee during A.Y. 2019–20 from the sale of the alleged penny stock shares pertained to shares that had been acquired prior to 01/04/2017. It was argued that, in view of the grandfathering provisions incorporated in Article 13(4) of the India–Mauritius DTAA pursuant to the 2016 Protocol, capital gains arising from the alienation of shares acquired before 01/04/2017 continue to be taxable exclusively in the State of residence of the alienator, namely Mauritius. Accordingly, such gains are not chargeable to tax in India.

4.3. The Ld.AR therefore submitted that, once the gains in question are not liable to tax in India by virtue of the treaty provisions, the very foundation of the reassessment proceedings fails. It was contended that no income chargeable to tax under the Act can be said to have escaped assessment and, consequently, the assumption of jurisdiction under section 147 of the Act is unsustainable in law. The reopening, according to the Ld. AR, is thus liable to be quashed on this short ground itself.



4.4. The Ld. AR submitted that the assessee has been investing in the Indian capital market since 2006 and has consistently earned income by way of dividends, interest and capital gains from its investments in India. It was submitted that the sources of income of the assessee comprise capital gains and income from other sources, namely dividend and interest income. The Ld.AR further submitted that the assessee is a broad-based investment fund and that its investor base undergoes periodic changes in the ordinary course of its operations.

4.5. The Ld.AR also placed reliance on the Demat statements maintained by the assessee with ICICI Bank and the daily transaction reports furnished by the said custodian, containing details of the purchase and sale transactions executed by the assessee during the year under consideration.

4.5.1. The Ld.AR pointed out that the capital gains arising from the sale of shares of the alleged penny stock scrip resulted in a long-term capital gain of Rs.69,05,415/-, as against the amount of Rs.1,68,77,117/- adopted by the Ld.AO on the basis of the investigation report. It was submitted that the Ld.AO had proceeded on an erroneous appreciation of facts and had failed to verify the actual transaction records maintained by the assessee.

4.6. The Ld. AR submitted that the investment decisions relating to the purchase and sale of securities are taken after a detailed evaluation of the fundamentals of the investee companies, including their revenues, profitability, business prospects and other relevant financial parameters.



4.6.1. The Ld.AR emphasized that the shares of International Conveyors Ltd., which have been alleged by the Revenue to be a penny stock scrip, were purchased by the assessee in October 2010 through a recognized stock exchange and were sold in August 2018 through a recognized stock exchange. It was submitted that the shares were held for nearly eight years and that complete documentary evidence in the form of contract notes, broker details, Demat statements and settlement records evidencing both the purchase and sale transactions was available on record.

4.7. The Ld.AR further submitted that during the year under consideration, the assessee had earned dividend income which was claimed as exempt under section 10(34) of the Act. It was also submitted that the assessee earned short-term capital gains from the sale of mutual funds and derivative transactions, which were claimed as not taxable in India in terms of Article 13(4) of the India-Mauritius DTAA.

4.7.2. The Ld. AR reiterated that the sale of shares of International Conveyors Ltd., acquired in 2010 and sold in 2018 through recognized stock exchanges, was effected at prevailing market prices and through the normal stock exchange mechanism. Accordingly, it was contended that the transaction could not be characterized as a sham or as giving rise to fictitious capital gains merely on the basis of generalized allegations contained in the investigation report.

4.8. Without prejudice to the foregoing submissions, the Ld. AR contended that even assuming that the gains had accrued to the assessee, the same would nevertheless be exempt from taxation in



India under Article 13(4) of the India–Mauritius DTAA, since the shares were acquired prior to 01/04/2017 and were therefore protected by the grandfathering provisions contained in the treaty.

4.9. The Ld. AR also drew our attention to the financial statements of International Conveyors Ltd. for the relevant period and submitted that the company had declared dividends and was carrying on regular business operations. According to the assessee, these facts demonstrated that the company possessed tangible business activities and commercial substance.

4.10. On the strength of the aforesaid facts, the Ld. AR submitted that International Conveyors Ltd. could not be regarded as a penny stock merely on the basis of the allegations made by the Revenue authorities, particularly when its financial statements, dividend declarations and long-standing stock exchange listing evidenced genuine business operations.

4.11. Per contra, the Ld. DR strongly relied upon the orders of the Assessing Officer and the learned CIT(A). It was submitted that the reopening had been validly initiated on the basis of specific information received from the Investigation Wing indicating that the assessee had allegedly earned accommodation entries in the guise of exempt long-term capital gains through transactions in the impugned scrip. The Ld. DR contended that the Assessing Officer had duly applied his mind to the information received and had recorded reasons to believe that income chargeable to tax had escaped assessment.

4.12. The Ld.DR further submitted that the findings of the Investigation Wing revealed a systematic manipulation of the price



and trading volume of the impugned scrip and, therefore, the transactions could not be accepted at face value merely because they were routed through recognized stock exchanges and supported by contract notes and Demat statements. It was argued that the surrounding circumstances, the abnormal rise in the share price and the findings of the investigation clearly established that the transactions lacked commercial credibility and were designed to generate artificial capital gains.

4.13. The Ld.DR also submitted that the possession of a valid Tax Residency Certificate and the claim of treaty benefits under the India–Mauritius DTAA would not, by themselves, preclude the Revenue from examining the genuineness of the underlying transactions. According to the Ld.DR, the benefit of the treaty could not be extended to transactions which were found to be non-genuine or arranged with the sole purpose of obtaining a tax advantage.

4.14. Accordingly, the Ld.DR submitted that the reassessment proceedings had been validly initiated and that the additions made by the Assessing Officer, as sustained by the learned CIT(A), deserved to be upheld.

We have perused the submission advanced by both sides based on the records placed before us.

5. We have carefully considered the rival submissions and perused the material available on record. The assessee is admittedly a Foreign Portfolio Investor (FPI) registered with SEBI and operates through ICICI Bank Ltd., a designated custodian under the SEBI (Foreign Portfolio Investors) Regulations. It is an



undisputed position that the assessee does not carry on any business activity in India. Before the lower authorities, the assessee had furnished, inter alia, the bank statements for the year ended 31/03/2019, Demat account statements evidencing the securities held and the purchase and sale transactions undertaken during the relevant year, as well as trade listings issued by its local custodian containing details of the transactions executed during the year. Being a registered FPI, the assessee is permitted only to make investments in Indian securities in accordance with the applicable SEBI Regulations. Therefore, any taxability in India has to be examined strictly in accordance with the provisions of the Act read with the India–Mauritius DTAA.

5.1. From the admitted factual position emerging from the record, it is evident that the assessee had acquired shares of International Conveyors Ltd. during October and November 2010 and continued to hold the same for a period exceeding eight years before selling them through a recognized stock exchange at the prevailing market price. The purchase and sale transactions are duly supported by contract notes, Demat statements and custodian records placed before the authorities. Significantly, this factual position has not been disputed by the Revenue at any stage of the proceedings.

5.2. A perusal of the documentary evidence placed in the paper book reveals that the shares of International Conveyors Ltd. were acquired through the normal stock exchange mechanism at the market prices prevailing on the respective dates of purchase. The transactions stand reflected in the Demat account statements maintained through the depository system and are fully supported by contemporaneous records.



5.3. It is further an admitted position that the assessee retained the said investment for nearly eight years, which by itself militates against the allegation of a pre-arranged accommodation entry transaction. We also find from the record that the actual long-term capital gain earned by the assessee on sale of the said shares was Rs.69,05,415/- and not Rs.1,68,77,117/- as assumed by the Revenue authorities on the basis of the investigation report. The documentary evidence placed on record clearly evidences the acquisition of shares in October and November 2010 through recognized stock exchange channels.

5.4. The aforesaid factual position has neither been rebutted nor controverted by the Revenue. No material has been brought on record to doubt the genuineness of the purchase transactions undertaken by the assessee through recognized exchange mechanisms. Equally, no discrepancy has been pointed out in the Demat statements, contract notes, bank records or custodian reports furnished by the assessee.

5.5. We further find that the Ld.AO failed to substantiate, by bringing any cogent and credible material on record, the allegation that the assessee was involved in any arrangement for obtaining accommodation entries. Apart from placing reliance on the generalized findings contained in the investigation report, no evidence has been brought on record to establish any nexus whatsoever between the assessee and the alleged operators, entry providers or beneficiaries referred to therein. There is nothing on record to suggest that the assessee had any role in the alleged price manipulation activities or had entered into any arrangement designed to generate artificial capital gains.



5.6. We also find that the financial statements of International Conveyors Ltd. do not support the sweeping allegation that it was merely a shell or paper company devoid of business activity. The material placed before us indicates that the company possessed substantial fixed assets, including freehold land, generated revenue of approximately Rs.99.15 crores during the relevant period, earned profits of approximately Rs.5.23 crores and reported positive cash flows. These objective financial indicators lend support to the assessee's contention that the company was engaged in genuine business operations.

5.7. In the absence of any evidence establishing the assessee's involvement in any accommodation entry arrangement, coupled with the fact that the shares were acquired through recognized stock exchange mechanisms, held for more than eight years, and sold through the stock exchange against documented consideration, we are unable to sustain the adverse inference drawn by the Ld.AO merely on the basis of generalized observations contained in the investigation report. Mere suspicion, however strong, cannot take the place of evidence, particularly where the assessee has furnished complete documentary evidence supporting the genuineness of the transactions.

5.8. The Ld.AR relied upon the following judicial precedents in support of the contention that the purchase and sale transactions in the shares of International Conveyors Ltd. were genuine and could not be disregarded or treated as sham transactions merely on the basis of generalized allegations or observations contained in the investigation report, particularly when the transactions were



supported by contract notes, Demat statements, bank records and other contemporaneous documentary evidence:

- 1) *Pr. CIT v. Jagat Pravinbhai Sarabhai, reported in [2022] 289 Taxman 298 (Guj.);*
- 2) *Pr. CIT v. Sangitaben Jagdishkumar Shah, reported in [2023] 156 taxmann.com 147 (Guj.);*
- 3) *Pr. CIT v. Mamta Rajivkumar Agarwal, reported in [2023] 295 Taxman 512 (Guj.); and*
- 4) *Elara India Opportunities Fund Ltd. v. DCIT, reported in [2024] 113 ITR (Trib.) 275 (Mumbai - Trib.).*

6. It is noted that in the case of *Elara India Opportunities Fund Ltd. v. DCIT*(supra), the Coordinate Bench of this Tribunal had occasion to examine the very same scrip, namely, International Conveyors Ltd., in the context of A.Y. 2021–22. After an elaborate consideration of the financial statements, business operations and other relevant materials pertaining to the said company, the Coordinate Bench came to the conclusion that the company could not be characterized as a penny stock merely on the basis of generalized allegations contained in the investigation report. The Tribunal found that the company possessed substantial business assets, generated significant revenue, earned profits and carried on genuine commercial activities. The relevant observations of the Coordinate Bench are reproduced hereunder:

“9. In the above factual matrix of the case, it is to be noted that the assessee being a tax resident of Mauritius has acquired the shares and has been holding the same for almost 10 years from the date of acquisition which was during the year under consideration was purchased by M/s. Team India Managers Ltd. The contention of the ld. A.O. that the movement of the price of shares is abrupt and unrealistic, is not acceptable for the reason that the price per share was Rs.11.90 at the time of acquisition and has increased to Rs.29.66 over a period of 10 years, is according to us a reasonable increase in the price of the share unlike in most of the penny stock cases where the price of the shares sky rockets manifolds within a short span of time. We also have noticed that the



assessee has substantiated the financials of M/s. ICL where it is inferred that the said company is merely not a bogus entity having dummy directors. Pertinently, the ld. A.O. has merely relied on the fact that inspite of increase in the debt, the sales of the said company has not increased proportionately. The assessee being a SEBI registered FPI is engaged in the investment in various companies out of which the assessee earns income and is also the only source of income for the assessee. The ld. A.O. has failed to substantiate how the assessee is involved with Shri Naresh Jain alleged to be an accommodation entry provider who has even otherwise not specifically mentioned the assessee to be the beneficiary of accommodation entry and the scrip of ICL to be a penny stock. The ld. AR has placed reliance on the decision of the Hon'ble High Court of Gujarat in the case of Pr. CIT vs. Jagat Pravinbhai Sarabhai [2022] 142 taxmann.com 247 (Guj) where it has been held that the shares were retained for more than 10 years and sold after a long time which infer that the investment was not bogus and the scrip was held to be not a penny stock. It was also held that such investments are not merely for the purpose of earning exempt income but is a genuine transaction. The ld. AR also relied on the decision of Hon'ble High Court of Gujarat in the case of Pr. CIT vs. Sangeeta Ben Jagdish Shah wherein it was held that where the assessee had given the complete details of the transaction, the same cannot be held to be a 'bogus transaction'. The ld. AR had also relied on the decision Hon'ble High Court of Gujarat in the case of Mamta Rajivkumar Agarwal [2023] 155 taxmann.com 549 (Guj) where on identical facts the Hon'ble High Court held that the transaction in particular scrip was not a penny stock.

The relevant extract of the said decision is cited hereunder for ease of reference:

3.3 The Tribunal confirmed the findings of the CIT(A) insofar as, it held in favour of the assessee. Findings of the Tribunal indicate that the assumption of the AO that the transaction carried out by the assessee are similar to the modus operandi of penny stock was misplaced. The Tribunal on facts observed thus:

"11.1.....On analyzing the facts of the present case, we note that the AO on one hand has alleged that the entire transaction was bogus but on the other hand the AO himself has allowed the cost of acquisition against the sale of shares, meaning thereby, the purchase of the shares has been admitted as genuine. The transactions of purchase and sales go hand in hand. In simple words, sales is not possible without having the purchases. Thus, once purchases has been admitted as genuine, then corresponding sales cannot be doubted until and unless some adverse materials are brought on record. As such, we note that the AO in the present case has taken contradictory stand. On one hand, the AO is treating the entire transaction as sham transaction and on the other hand he's allowing the benefit of the cost of acquisition for the shares while determining the bogus long term capital gain....

11.2 It was alleged by the AO that the price of the share of M/s Shree Nath Commercial & Finance Ltd., increased in a short period of time which is not in commensurate to the financial performance of the company. The rise in the price of the scripts of a company, having no financial base/business activity/profitability certainly gives rise to the doubt about such increase in the price. But in our considered view, this



cannot be a sole criteria for reaching the conclusion that the bogus long-term capital gain was generated which is exempted under section 10(38) of the Act. Such observation during the assessment proceedings provides reasons to investigate the matter in detail and the same cannot take the place of the evidence. But in the case on hand, there was no finding that the enquiry conducted either by the SEBI or the stock exchange with respect to rigging up of share price of M/s Shree Nath Commercial & Finance Ltd. Similarly, there was no finding with subsequent market price of the impugned scrip. We also note that there was no dispute raised by the Revenue with respect to the following facts:

1. Shares were purchased through broker on recognized stock exchange.
2. Purchase consideration of share was made through cheque.
3. Share was duly dematerialized in D-mat account.
4. Shares were sold through stock exchange after the payment of STT. The transactions have been confirmed by brokers.
5. The payments were received through ECS in the D-mat account.
6. Inflow of shares are reflected in D-mat account. Shares are transferred through D-mat account and buyer are not known to the assessee.
7. There is no evidence that the assessee has paid cash to the buyer or the broker or any other entry provider for booking LTCG and share were purchased by the determined buyer."*

4 Hence, the Tribunal held, and in our opinion rightly so that there was no evidence available on record suggesting that the assessee or his broker was involved in rigging up of the price of the scrip of M/s Shree Nath Commercial & Finance Ltd. The assessee had acted in good faith. The Tribunal, therefore, correctly held that the Assessing Officer had acted only on assumption which was misconceived. The CIT(A) order dismissing the revenue's appeal was confirmed.

10. In the above facts and circumstances of the case, we deem it fit to allow the grounds of appeal filed by the assessee by holding that the transaction made by the assessee in the scrip of ICL is a genuine transaction and, therefore, direct the ld. A.O. to delete the addition made u/s. 68 of the Act r.w.s. 115BB of the Act."

6.1. The aforesaid decision assumes significance inasmuch as it pertains to the very same scrip which forms the subject matter of the present dispute. While arriving at the aforesaid conclusion, the *Coordinate Bench* placed reliance upon the decisions of the *Hon'ble Gujarat High Court* in *PCIT v. Jagat Pravinbhai Sarabhai(supra)* and *Mamta Rajivkumar Agarwal(supra)*. The *Coordinate Bench* observed that where the purchase and sale of shares are duly supported by documentary evidence such as contract notes, Demat statements and banking records, and where the Revenue is unable to establish any nexus between the assessee and the alleged operators involved in price manipulation, the transactions cannot



be treated as non-genuine merely on the basis of general findings contained in an investigation report. Relying upon the principles laid down in the aforesaid decisions, the Coordinate Bench held that the scrip of International Conveyors Ltd. could not be regarded as a penny stock in the absence of cogent material demonstrating that the transactions undertaken by the assessee were sham or constituted accommodation entries.

6.2. The entire edifice of the Ld.AO's case rests on the presumption that the assessee had routed its own unaccounted money in the garb of bogus long-term capital gains. However, such a presumption has not been substantiated by any credible evidence or corroborative material brought on record by the Revenue authorities. The assessment order proceeds primarily on the basis of the investigation report and generalized allegations concerning the scrip, without establishing any direct connection between the assessee and the alleged accommodation entry operators or demonstrating that the funds invested by the assessee represented its undisclosed income.

6.3. In the absence of any material establishing the involvement of the assessee in any accommodation entry arrangement, or demonstrating that the transactions undertaken by it were sham, fictitious or lacking in commercial substance, the additions cannot be sustained merely on the basis of broad observations contained in the investigation report. The settled position of law is that suspicion, however strong, cannot substitute proof, and additions must necessarily be founded on cogent evidence establishing the assessee's participation in the alleged arrangement.



6.4. In view of the foregoing discussion, we are of the considered opinion that the addition made under section 68 of the Act is unsustainable and deserves to be deleted. Consequently, the addition made under section 69C of the Act towards alleged unexplained expenditure, being purely consequential to the addition under section 68 and having no independent basis, also cannot survive. We accordingly direct the Assessing Officer to delete both the additions.

Accordingly, Ground Nos. 1 to 6 and 8 to 9 raised by the assessee stand allowed.

7. Since we have allowed the claim of the assessee on merits and directed deletion of the impugned additions, the legal issues raised in **Ground Nos. 7, 10 and 11** have become merely academic and do not call for separate adjudication. We, therefore, refrain from expressing any opinion on the merits of the said grounds. **Accordingly, Ground Nos. 7, 10 and 11 are dismissed as infructuous.**

In the result, the appeal filed by the assessee stands partly allowed.

Order pronounced in the open court on 03/06/2026.

Sd/-

Sd/-

**BIJAYANANDA PRUETH
ACCOUNTANT MEMBER**

**BEENA PILLAI
JUDICIAL MEMBER**

Mumbai
Dated: 03/06/2026
Sc. Sr. P.S.



Copy to:

1	INDIA MAX INVESTMENT FUND LIMITED, 365 ROYAL ROAD ROSE HILL, MAURITIUS, MAURITIUS-999999, NOT LISTED
2	DEPUTY COMMISSIONER OF INCOME TAX, INT TAX CIRCLE 2(2)(1), 606, 6TH FLOOR, KAUTILYA BHAVAN, C-41 TO C-43, G BLOCK, BANDRA KURLA COMPLEX, BANDRA (EAST), MUMBAI, MUMBAI-400051, MAHARASHTRA
3	THE PCIT / CIT,
4	THE D.R., ITAT, MUMBAI BENCH
5	GUARD FILE

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